

RECEIVED
FEC MAIL
OPERATIONS CENTER

**BEFORE THE
FEDERAL ELECTION COMMISSION**

2004 OCT 18 P 1:48

James J. Bonham
Executive Director
Democratic Congressional Campaign Committee
430 South Capitol Street, S.E.
Washington, D.C. 20003,

Complainant,

v.

Dalton Tanonaka

Honolulu, HI 96805; and

Tanonaka for Congress
725 Kapiolana Boulevard
Suite C105
Honolulu, HI 96813,

MUR No. 5571

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
2004 OCT 18 P 2:10

Respondents.

COMPLAINT

Complainant files this complaint against Dalton Tanonaka and Tanonaka for Congress (collectively, "Respondents"), for violations of the contribution limitations and disclosure provisions of the Federal Election Campaign Act and Federal Election Commission regulations, as described below.

The facts demonstrate that Dalton Tanonaka has failed to disclose the true source of money that he has deposited into his campaign. The facts also strongly suggest that the true source of the money was not personal assets but illegal contributions from undisclosed individuals and/or commercial entities. If true, these violations would undoubtedly be knowing and willful and subject to the severest sanctions of the Federal Election Campaign Act.

28044184472

I. FACTS

A. Tanonaka Has Almost No Income or Assets

28044184473

Dalton Tanonaka is a candidate for the United States House of Representatives from the state of Hawaii, in District 1. As a candidate, he has disclosed details regarding his finances on the House of Representatives Financial Disclosure Statement. *See Attachment A* (financial disclosure form). This disclosure makes clear that Tanonaka has almost no income. At the time of filing – July 19, 2004 – Tanonaka listed a salary of only \$4,762.22, from "Big Wave Honolulu." He also disclosed large debts: a home mortgage of between \$100,000 and \$250,000 on a home in Honolulu; a home equity credit line of \$50,000 to \$100,000, and a credit card bill of \$10,000 - \$15,000. Unreported on the form is a \$750,000 mortgage on Tanonaka's primary residence in Honolulu, a mortgage he reported to the Hawaii State Ethics Commission in 2002 on the state financial disclosure form during his run for Lieutenant Governor. These combined loans suggest a personal debt load over a million dollars.

Tanonaka also listed no source of "unearned" income of more than \$200, over the entire reporting period, which stretches from January 1, 2003, to July 19, 2004. This disclosure demonstrates that Tanonaka does not have a large stream of income from an unearned source. The absence of any unearned income over \$200 over an 18-month period also indicates that he did not have a large accumulation of cash or assets, because any interest over \$200 would have to be reported on the financial disclosure form. In fact, Tanonaka has not provided in any government required disclosure at the federal or state level sufficient assets or income that would enable him to loan a substantial amount of money to his campaign.

B. Tanonaka Loaned \$69,000 To His Campaign

On July 21, 2004, Tanonaka made a \$4,000 loan to his campaign for Congress. On August 28, he made another loan to his campaign, this time in the amount of \$65,000. Tanonaka did not disclose on his financial disclosure form sufficient personal assets to make this loan to the committee.

C. Tanonaka Has a History of Receiving Illegal Contributions

In 2002, Tanonaka was a candidate for Hawaii Lieutenant Governor. On June 28, 2002, Tanonaka received a deposit of \$48,000 into his personal checking account. That same day, Tanonaka loaned his campaign, Dalton for Hawaii, the sum of \$45,000. On July 9, Dalton wrote Carol Tsai a check for \$15,000; on September 13, Tanonaka wrote Tsai another check from his personal account, this time for \$10,000, with the words "loan repayment" in the memo section. These allegations, which are detailed in a complaint to the Hawaii Campaign Spending Commission, indicate that Tanonaka conspired to circumvent the \$10,000 limit on loans to a candidate committee. *See* HAW. REV. STAT. § 11-205.6(b) (2004); *see also* Attachment B (campaign finance complaint). Indeed, in subsequent news interviews, Tanonaka admitted receiving a large personal loan from Tsai during his campaign for Lieutenant Governor. *See* Attachment C (videotape of September 29, 2002 news reports). This matter has been referred by Ethics Commission to the Honolulu Prosecutor's Office for criminal investigation. *See* Attachment D (Rick Daysog, *Tanonaka Case Sent To City Prosecutor's Office*, Honolulu Star-Bulletin, Oct. 13, 2004).

II. LEGAL ARGUMENT

Contributions to a candidate are limited to \$2,000 per election. 2 U.S.C. § 441a(a)(1)(a) (2004). Candidates may make unlimited expenditures from personal funds. 11 C.F.R. § 110.10 (2004). However, the definition of "personal funds" is limited, and includes only a candidate's earned income, unearned income from investments, bequests, income from trusts established before the election cycle, gifts that had been customarily received before the election cycle, and proceeds from games of chance. *See id.* § 100.33.

The facts indicate that Tanonaka has funneled an excessive contribution from another source through his personal account and into his campaign for Congress. Tanonaka has reported almost no income or investments. There is no evidence that Tanonaka customarily received gifts before the election cycle. Moreover, he could not have accumulated large amounts of cash,

28044184474

because the interest income would have to be reported on the House of Representatives financial disclosure form.


Tanonaka has not filed a Schedule C-1 form with the Commission. Thus, he could not have received a bank loan or an advance on a brokerage account, credit card, home equity line of credit, or other line of credit. *See id.* § 104.8(g).

The evidence, combined with Tanonaka's checkered past regarding the funneling of illegal contributions, demonstrate that not only has Tanonaka failed to disclose properly the source of the funds but this failure to disclose is a strong indication that the funds were provided illegally by undisclosed individuals or entities.

III. REQUESTED ACTION

As we have shown, the Respondents have violated the Federal Election Campaign Act. Accordingly, we request that they be enjoined from further violations, be required to repay their illegal contributions and be fined the maximum amount permitted by law. If the facts demonstrate that the violation was knowing and willful, the Commission should punish the violation appropriately.

Sincerely,


James J. Borham

SUBSCRIBED AND SWORN to before me this 15 day of October, 2004.

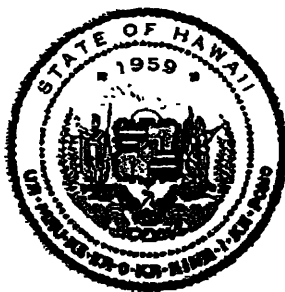

Notary Public

My Commission Expires:

Commission Expires July 31, 2007

28044184476

Attachment B



Campaign Expenditure Search Results

Search Summary

The search is restricted to expenditures of the following committees:

- TANONAKA, DALTON

The result is sorted by committee name, then date - descending

Committee Name Expenditure type	Date	Name Purpose	City
TANONAKA, DALTON EXPENSE	12/01/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	11/03/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	10/01/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	09/02/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	08/27/2003	Tanonaka Dalton 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	08/01/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	07/01/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Bank charges	Honolul
TANONAKA, DALTON EXPENSE	06/15/2003	Linda Lingle Campaign Committee 5007 Fundraiser Tickets : Two fundraiser tickets	Honolul
TANONAKA, DALTON EXPENSE	06/02/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Online fee	Honolul
TANONAKA, DALTON EXPENSE	06/02/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Merchant fee	Honolul
TANONAKA, DALTON EXPENSE	05/30/2003	HQS Productions 5016 Other Direct Campaign Expenses : Sound syst	Waipahu
TANONAKA, DALTON LOAN	05/23/2003	Tanonaka Dalton	Honolul
TANONAKA, DALTON LOAN	05/23/2003	Tanonaka Dalton	Honolul
TANONAKA, DALTON EXPENSE	05/02/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Online fee	Honolul
TANONAKA, DALTON EXPENSE	05/02/2003	First Hawaiian Bank 5001 Bank Charges & Adjustments : Merchant fee	Honolul
TANONAKA, DALTON	Nothing		
TANONAKA, DALTON	04/21/2003	Tanonaka Dalton	Honolul

28044184477

LOAN.

28044184478

TANONAKA, DALTON	04/21/2003	Tanonaka Dalton	Honolulu
LOAN	Nothing		
TANONAKA, DALTON	04/03/2003	Hawaii United Okinawan Association	Waipahu
EXPENSE		5000 Advertising : Ad	
TANONAKA, DALTON	04/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fee	
TANONAKA, DALTON	04/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online fee	
TANONAKA, DALTON	03/27/2003	Kahala Mandarin Hotel	Honolulu
EXPENSE		5016 Other Direct Campaign Expenses : Fundraiser	
TANONAKA, DALTON	03/27/2003	Wachner Miles	Honolulu
EXPENSE		5016 Other Direct Campaign Expenses : Entertainment	
TANONAKA, DALTON	03/27/2003	Kang Odesta	Honolulu
EXPENSE		5016 Other Direct Campaign Expenses : Entertainment	
TANONAKA, DALTON	03/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online fee	
TANONAKA, DALTON	03/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fee	
TANONAKA, DALTON	02/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online fee	
TANONAKA, DALTON	02/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fee	
TANONAKA, DALTON	01/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online fee	
TANONAKA, DALTON	01/02/2003	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fee	
TANONAKA, DALTON	12/02/2002	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fee	
TANONAKA, DALTON	12/02/2002	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online banking	
TANONAKA, DALTON	11/15/2002	Camera One	Honolulu
EXPENSE		5013 Media Ad Production : Photography fee	
TANONAKA, DALTON	11/08/2002	Elleair Maui Restaurant	Kihei
EXPENSE		5006 Food & Beverages : Maui event	
TANONAKA, DALTON	11/01/2002	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fee	
TANONAKA, DALTON	11/01/2002	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online fee	
TANONAKA, DALTON	10/18/2002	Masatsugu Lance	Kailua
LOAN			
TANONAKA, DALTON	10/18/2002	Masatsugu Lance	Kailua
LOAN			
TANONAKA, DALTON	10/18/2002	Masatsugu Lance	Kailua
LOAN			
TANONAKA, DALTON	10/01/2002	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Merchant fees	
TANONAKA, DALTON	10/01/2002	First Hawaiian Bank	Honolulu
EXPENSE		5001 Bank Charges & Adjustments : Online fee	
TANONAKA, DALTON	09/30/2002	Pinho Glenn	Honolulu
EXPENSE		5016 Other Direct Campaign Expenses : Entertainment	
TANONAKA, DALTON	09/24/2002	Masatsugu Lance	Kailua
LOAN			
TANONAKA, DALTON	09/24/2002	Masatsugu Lance	Kailua
LOAN			
TANONAKA, DALTON	09/24/2002	Masatsugu Lance	Kailua
LOAN			
TANONAKA, DALTON	09/24/2002	Masatsugu Lance	Kailua

28044184479

LOAN			
TANONAKA, DALTON	09/21/2002	A'a Party Supplies Inc.	Waipahu
EXPENSE		5016 Other Direct Campaign Expenses : Tables & c	
TANONAKA, DALTON	09/20/2002	Longs Drugs	Honolul
EXPENSE		5016 Other Direct Campaign Expenses : Photo proc	
TANONAKA, DALTON	09/20/2002	Li Jennifer	Honolul
EXPENSE		5020 Professional Services : Services	
TANONAKA, DALTON	09/20/2002	Fisher Hawaii	Honolul
EXPENSE		5014C Office Expenses - Office Supplies : Envelo	
TANONAKA, DALTON	09/20/2002	Costco	Honolul
EXPENSE		5014B Office Expenses - Computer/Computer Suppli	
TANONAKA, DALTON	09/20/2002	Wal-Mart	Hilo
EXPENSE		5016 Other Direct Campaign Expenses : Prizes sup	
TANONAKA, DALTON	09/20/2002	Professional Results Inc.	Honolul
EXPENSE		5000D Advertising - Television : Media	
TANONAKA, DALTON	09/20/2002	One Shot Supplies Inc.	Honolul
EXPENSE		5019G Printing - Signs : Poly sheets ink	
TANONAKA, DALTON	09/20/2002	Octane Advertising	Honolul
EXPENSE		5000B Advertising - Newspaper : Layout & design	
TANONAKA, DALTON	09/19/2002	Tanonaka Dalton	Honolul
LOAN			
TANONAKA, DALTON	09/19/2002	Tanonaka Dalton	Honolul
LOAN			
TANONAKA, DALTON	09/19/2002	Tanonaka Dalton	Honolul
LOAN			
TANONAKA, DALTON	09/19/2002	Tanonaka Dalton	Honolul
LOAN			
TANONAKA, DALTON	09/19/2002	U.S. Postal Service	Honolul
EXPENSE		5018 Postage/Mailing : Postage	
TANONAKA, DALTON	09/19/2002	Pauahi Leis & Flowers	Honolul
EXPENSE		5016 Other Direct Campaign Expenses : Leis	
TANONAKA, DALTON	09/19/2002	Pauahi Leis & Flowers	Honolul
EXPENSE		5016 Other Direct Campaign Expenses : Leis for M	
TANONAKA, DALTON	09/19/2002	Tanonaka Dalton	Honolul
LOAN			
TANONAKA, DALTON	09/19/2002	M.P. Lei Shop	Honolul
EXPENSE		5016 Other Direct Campaign Expenses : Lei	
TANONAKA, DALTON	09/19/2002	Costco	Honolul
EXPENSE		5006 Food & Beverages : Punch syrup for Mahalo P	
TANONAKA, DALTON	09/19/2002	Jus Co Ltd.	Honolul
EXPENSE		5021 Travel & Lodging : Coupons	
TANONAKA, DALTON	09/19/2002	Flyin' Hawaiian Balloons	Honolul
EXPENSE		5016 Other Direct Campaign Expenses : Balloons f	
TANONAKA, DALTON	09/19/2002	First Hawaiian Bank	Honolul
EXPENSE		5001 Bank Charges & Adjustments : Service charge	
TANONAKA, DALTON	09/18/2002	Hawaii Filipino Chronicle	Waipahu
EXPENSE		5000B Advertising - Newspaper : Ad	
TANONAKA, DALTON	09/18/2002	Obun Hawaii Group	Honolul
EXPENSE		5019B Printing - Brochures : Mailer	
TANONAKA, DALTON	09/18/2002	Fil-Am Courier	Honolul
EXPENSE		5000B Advertising - Newspaper : Ad	
TANONAKA, DALTON	09/17/2002	Jus Co Ltd.	Honolul
EXPENSE		5021 Travel & Lodging : Coupons	
TANONAKA, DALTON	09/17/2002	Costco	Honolul
EXPENSE		5006 Food & Beverages : Beverages for Mahalo Par	
TANONAKA, DALTON	09/15/2002	Associated Printers	Honolul
EXPENSE		5019B Printing - Brochures : Color brochure	
TANONAKA, DALTON	09/15/2002	Base Two Productions	Honolul
EXPENSE		5013 Media Ad Production : Video editing	
TANONAKA, DALTON	09/15/2002	Zippy's Restaurants	Honolul

Attachment D

28044184480

Honolulu Star-Bulletin **BREAKING NEWS**

[Back to Star-Bulletin Homepage](#)
[Back to Breaking Headlines](#)

Posted on: Wednesday, October 13, 2004 1:00 PM HST

Tanonaka case sent to city Prosecutor's Office

The move follows an investigation by the campaign spending commission

Rick Daysog
rdaysog@starbulletin.com

The state Campaign Spending Commission voted today to refer to the city Prosecutor's Office its investigation into Dalton Tanonaka's 2002 campaign for lieutenant governor.

By a 3-to-2 vote today, the state agency approved a staff recommendation to make the criminal referral

Tanonaka, who is a Republican candidate for the 1st Congressional District (urban Honolulu) did not attend today's meeting.

Bob Watada, executive director of the commission, said his preliminary investigation found reckless and intentional violations of state campaign spending laws.

Watada recommended that the Prosecutor's Office would be better equipped to handle a criminal investigation

The campaign spending complaint alleges Tanonaka hid loans to his campaign to circumvent legal limits. The complaint, citing bank records, notes a \$48,000 deposit made to Tanonaka's personal bank account in June 2002 on the same day he made a \$45,000 loan to his campaign. The complaint does not list the sources for the deposit

Miles Furutani, attorney for the Tanonaka campaign urged the commission to hold off on taking action. Furutani said that the loans were personal in nature and did not

— ADVERTISEMENTS



They got Married?



Find Your Old School Here:

Search



classmates.com

violate the campaign spending law He also said that there was no effort to conceal the loans.

E-mail City Desk

© 2004 Honolulu Star-Bulletin — <http://starbulletin.com>

— ADVERTISEMENT —

cruising...



Ads by Goooooogle

Leads Guaranteed
TV, Radio and
Newspaper advertisin
that works, or your
money back!
[www HPowerMarketing](http://www.HPowerMarketing.com)

Honolulu FD T-Shirts
Over 500 fire dept
shirts, hats,
sweatshirts, boots and
more!
[www firestoreonline com](http://www.firestoreonline.com)

— ADVERTISEMENTS

28044184482